

## **The invention of a European Development aid bureaucracy**

**By Véronique Dimier, ULB-Bruxelles**

This paper deals with the role of ex colonial officials in setting up the European development policy and more precisely the Directorate General 8 (development) of the European Commission, which was responsible for the association with the Overseas territories and countries (1958), mainly French and Belgium colonies in Sub-Saharan Africa, then the Yaounde Convention (1963) with the African States (when those territories became independent), then the Lome Convention with the African, Caribbean and Pacific States (1975), more recently the Cotonou Agreement (2000).

The Association with the overseas territories was imposed by France during the negotiation of the Treaty of Rome. France had still an empire in Sub-Saharan Africa and wanted its empire to be integrated in one way or another in the EEC. It proposed to its partners some kind of arrangement for these territories. These arrangements meant specific trade agreements with them (the extension of French colonial preferential zone to its EEC partners) and a European development Fund . This fund would provide money for investment (economic and social) in these territories. This was the basis of a European development policy whose aim would be to foster the welfare of the inhabitants of the overseas territories, a very broad aim.

France's partners, especially Germany, were not so happy with these arrangements, but they eventually accepted because they wanted the treaty of Rome to be signed. In this paper I will leave out the trade side of the association and focus on the financial side (The European Development Fund, EDF). The EDF was paid through a specific contribution by the Member states. It was made of financing conventions with the country concerned (for 5 years). It was run by the European Commission, the supranational body of the EEC and more precisely by one of its services, DG8. The African states (at first colonial administrations, then later on the independent African administrations) would propose the projects, the European Commission would assess the projects, then forward them to the Council of Ministers (from 1964 to an EDF committee representing the Member States). The latter had to give its agreement for a project to be financed. Following this approval, the Commission would sign a financing agreement with the country concerned. The administration of this country would then implement the project, that is launch the call for tenders, open the bids, and pay the firms responsible for the work, all this under the supervision of the Commission. Very quickly the Commission hired some specific controllers techniques to exercise this supervision and help the newly independent African administration to devise good projects (technical assistance).

Because France was the initiator of the Association, it wanted to control this nascent development policy. It sought and obtained that the Commissioner responsible for that field within the Commission would be French. The first one was Robert Lemaigen, a well-known business man in Africa who had lots of contact among the French enterprises and African elites. Very quickly Lemaigen asked Jacques Ferrandi to be his head of cabinet, a very important position. He later promoted him head of the direction responsible for the EDF and he remained so till 1975. Ferrandi was a former colonial official in West Africa. Most importantly, he had been head of the economic services of the West African Federation. As such, he had been in charge of the FIDES ( Fonds d'Investissement Economique et Social), a fund set up by France in 1946 to finance the first development plans for West Africa. He had a huge network among the African elite. Many African heads of state after decolonization remained his friends. When he came to Brussels Ferrandi managed to bring with him his team of colonial officials, officials

who had a great experience of African administration and development. He placed them at key position in the service responsible for the administration of the EDF within DG8.

What was a colonial official or administrator? He was a French civil servant who was representing France on a territory. As such he was supposed to apply French law and regulations on this territory or rather try to adapt them to the local context. Among his tasks he had to render justice, collect taxes and from the 1940s onwards he had to implement the first development projects (building schools, roads...). He usually worked in close collaboration with the local elites (often local chiefs). Many of these colonial officials remained in Africa after decolonization as adviser to the newly independent political elites and they helped them devise their development projects. Thanks to Ferrandi you had also a team of ex colonial officials in Brussels who were assessing these projects. So it was a small family business.

While coming to Brussels these ex colonial officials brought with them their methods: those were very pragmatic methods based on personal and intimate relationships with the African elites, based on mutual loyalty, compromise and also opacity. For example: there were few criteria at the time for the selection of the projects presented by the African states. African leaders would phone Ferrandi and propose him a shopping lists of projects. There was no program, no priorities. It was the task of Ferrandi and his team to assess these projects before they were sent to the EDF committee for approval (representing the Member States). Ferrandi would assess and choose these projects according to very vague, opaque and some would say arbitrary criteria, that is according to his relationships with his "African friends". In doing so however he had to take into account several factors: the political and economic priorities of France in Africa. At this time, these priorities were also those of most of the African leaders who depended on France for their political survival. He also had to take into account the priorities of Europe, which were based on the necessity to stop the USSR expansion in Africa and elsewhere. In the balance was also the capacity of African leaders to play between the donor's rivalry (especially the rivalry between the West and the USSR). May did not hesitate to bargain their projects by threatening the EEC to look elsewhere (i. e. on the soviet side) for funding their projects. Ferrandi had to take into account all these factors when assessing the projects presented by the African administration. This task demanded a great deal of political "intuition". It was all the easier for him as he knew many African leaders personally. Thus, he was able to adapt to the demands of the African leaders.

This capacity of adaptation was also essential in order to "sell" the Association to these leaders. Indeed at decolonization many of them remained skeptical about what they saw as a new colonial domination and new devise for economic exploitation. The fact that the Association was negotiated by France during the Treaty of Rome without their agreement increased their suspicion. Ironically, Ferrandi and his team of ex colonial officials had to spend lots of efforts to convince them that the Association was something else than the continuation of the French colonial policy of the past (which it was to some extent), that it was a "great charitable work" for the benefits of the African peoples. For that purpose they used that very old colonial devise : touring. They went on several tours in Africa, trying to persuade the new political elite that the Association was good for them. They worked in close collaboration with colonial officials who remained in Africa as advisers to the new States. In the end, they succeeded quite well. In 1963, all the independent African countries (Guinea excepted) signed the Younde convention with the EEC.

Of course Ferrandi's methods, even though they were adapted to the context of the time (a context in which African states hardly had any development programs) were not without criticisms. Some young civil servants trained in economics and who had peripheral position within DG8 began to question his personal, arbitrary and opaque methods in assessing the projects. These methods they said, resulted in

giving most of the money to the richest states in Africa (like Gabon) at the expense of the poorest (which is confirmed by figures). These civil servants wanted more rational approaches, like programming, i.e., clear aims, clear priorities to be set up in national plans; clear criteria in selecting projects and in distributing the EDF money among the different African countries. These criticisms gained in momentum in the 1970s when the British came in. In the end, the Lome Convention (1975) set up a programming system. From then on a five year program was set up for each country which would specify its priorities and the amount of money it could dispose of for the five year period. The EDF money was supposed to be distributed among these countries according to stricter criteria (at this time the level of poverty of the country, measured according to its GNP and size of the population). Despite of this, opacity in the assessment of the projects and even in the distribution of funds among countries remained long after that. Ferrandi's methods were so part of the DG8 culture that they were difficult to change (this is the argument of my book).

My last point is that these methods also helped Ferrandi to build the autonomy of DG8, to gain some independence from the main stake holder of the Association: France. Indeed, it would be misleading to think that Ferrandi was the instrument of the French government within DG8, quite the contrary. Of course, as I said, he had to take into account the interests of France in Africa because those interests were also those of most of the Franco-African elites. However, he also had his own institution, power and autonomy to defend and he could not ignore the interests of the other Member States and those of their firms. German firms especially were keen on having their fair share of the EDF funds. Indeed, Germany was contributing on an equal footing with France on the EDF (she and France were giving each 200 million units of accounts, the first EDF amounting to 581 million units of accounts, equivalent in dollars). However it appeared very quickly that French companies garnered more than 40% of the adjudications (concerning public works) of the first EDF (1958—1964), as against 13.88% for Italy, 3.28% for Germany, 2.37% for Belgium, 4.48% for the Netherlands and 0.25% for Luxembourg (AEUD, European Commission, answer to the written question No. 308/1968, by Pedini (Italy), European Parliament). There were clear reasons for that. African countries, as noted were responsible for drafting, launching and opening the bids. So in many African states, these bids (like the technical laws and regulations) were written in French and followed French rules. Also, French companies, because they had been on the spot for years, used to deal with local practices and elites. It was not uncommon for them to use bribery to get a contract for example. Ferrandi knew these practices very well. He knew that this was to the prejudice of the firms of other Member States. So he had to deal with this discrimination issue with great care. All the more so because the Treaty of Rome stated that the bids for the (EDF) were open on equal terms to all the firms of the associated states and of the Member States and that it was the role of the Commission to see to it that there was no discrimination among these firms.

So Ferrandi strove very hard to set up common laws and regulations and clear procedures for the bids, which were translated into all languages of the EEC. He insisted that all bids should be published in EEC journals and made available in the Member States' embassies in Africa. Last but not least, he insisted in having his own controleurs techniques on the spot (much against the French will). At once, France wanted to leave the financial and technical control of the projects to private consultancy firms (mainly French ones), which would also help the African administration to devise their projects (technical assistance). Most of these firms had links with French companies interested in the projects. This meant that a consultancy firm could help an African administration to build a project in which a specific French firm would have a great role to play (worse, it could bribe the African Administration for it to propose this project). Through the same dubious practice, the company concerned would get the bid. Worse of all, this company would be controlled financially and technically by the same consultancy firm. This

meant in practice, that the company would control itself. This was unacceptable for Ferrandi (and for German firms): the EDF was made of public money. It needed a proper public administration of control. He proposed to have specific agents hired by DG8 to do this job. The French government refused several times this proposal but thanks to German support Ferrandi eventually succeeded in 1964 setting up the controleurs techniques of the EDF. To calm down French opposition, they were hired through a specific agency, the Association Europeenne de Development. They were not EEC civil servants but hired on contract (it is only in 1986 that these controleur, later renamed delegates of the Commission became civil servants and were granted the status of ambassadors). Many of these controleurs techniques were former colonial officials like Ferrandi. Among their main tasks, they had to supervise the bids launched by the African administrations and to see to it that practices like those described above did not happen. They had to see to it that firms from all the associated states and Member States could compete on equal terms. Whether they succeed in these tasks remains an open question. Many cases of bribery were later reported by the European court of auditors. These cases led to ruinous projects (see my book on this point).

My last point deals with the discrimination issue: on this point, DG8 and Ferrandi went much further than the Member states in their interpretation of the Treaty of Rome. As I said, the Treaty specified that bids had to be open on equal terms to all firms of the associated states and the Member states, but it did not say "only" to them. For DG8, this means that the bids could be open to enterprises of other countries (like those of Japan, Israel, USA...). In practice, DG8 decided in the mid- 1960s, without even asking the advice of the Member States, to open the bids to firms of third countries. This aroused the firm opposition of the Member States, France especially. They denied the Commission the possibility of interpreting the Treaty on this issue. This however was the best proof of Ferrandi and his team to tackle the discrimination issue seriously...too seriously perhaps. This also shows the willingness of Ferrandi to get some autonomy from the French government.